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AGN. NO. _____

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

October 12, 2004

Emergency rooms and trauma centers are essential elements of Los Angeles County's healthcare system; however, access to these critical services is shrinking. Hospitals, public and private, are financially burdened by uncompensated care and unfunded mandates and as a result, are closing their doors one by one. Los Angeles County has lost five hospitals and three emergency rooms since 2001, and two more hospitals will join that closure list by the end of 2004. The ongoing loss of emergency services has become a crisis.

The Emergency and Medical Services Initiative, Proposition 67 on the November ballot, would provide a stable funding stream for emergency services by increasing the current 911 surcharge on telephone calls made within California by 3 percent. The cost of the overall telephone surcharge for residential customers would be capped at a maximum of 50 cents per month, and senior citizens and others who receive lifeline service would be exempted.

The initiative would generate about \$550 million in additional annual revenues that would help address the emergency medical services crisis by (1) helping to fund overcrowded emergency rooms; (2) relieve emergency room overcrowding by funding community clinics that care for non-emergent patients; (3) reimburse emergency

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physicians and on-call specialists for uncompensated care; (4) fund paramedic training and equip Advanced Life Support Units, and (5) maintain the County-operated hospital safety net.

The revenue would be allocated as follows: 60% (\$330 million) to emergency and trauma hospital services; 30.5% (\$167 million) to emergency and trauma physician services; 5% (\$27.5 million) to community clinics which provide urgent and primary care services; 3.75% (\$20.6 million) to emergency and trauma first responders and paramedics, and 0.75% (\$4.1 million) to the existing 911 Account.

Proposition 67 would provide new funding to stabilize emergency and trauma care locally.

I, THEREFORE, MOVE that the Board of Supervisors of the County of Los Angeles endorse Proposition 67, the Emergency and Medical Services Initiative, and urge the voters of California to vote YES on this ballot measure on November 2, 2004.



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

October 8, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
From: *David E. Janssen*
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

MOTION TO ENDORSE PROPOSITION 67, THE EMERGENCY AND MEDICAL SERVICES INITIATIVE (ITEM NO. 3, AGENDA OF OCTOBER 12, 2004)

Item No. 3 on the October 12, 2004 Agenda is a motion by Supervisor Yaroslavsky to endorse Proposition 67, the Emergency and Medical Services Initiative, and to urge the voters of California to vote YES on this ballot measure on November 2, 2004. Attachment I includes material previously provided to the Board on this matter.

Proposition 67 would increase the surcharge on telephone calls made within California to fund 911 emergency dispatch, emergency rooms, trauma centers and emergency doctors. If enacted, the initiative would be effective January 1, 2005.

Under current law, the State imposes a surcharge on each monthly telephone bill, including mobile telephones, and the revenues are deposited into the State Emergency Telephone Number (911) Account. The 911 Account is used to reimburse government agencies and telephone companies for equipment and related costs associated with the California 911 system. This surcharge is applied to all charges for intrastate telephone calls, and has a floor of 0.5 percent and a cap of 0.75 percent. Each year, the California Department of General Services determines the surcharge rate based on an estimate of the costs of the California 911 system. The current surcharge rate is 0.72 percent, and does not apply to lifeline telephone service or coin-operated telephones. The surcharge is collected via monthly telephone bills and generated an estimated \$132.5 million in 2003-04. Over the past number of years, increases in 911 Account revenues have been attributable to increased mobile telephone usage.

Proposition 67 would increase the 911 surcharge by 3 percent on telephone calls made within California. The measure would cap the cost of the overall surcharge for residential telephone customers at a maximum of 50 cents per month and exempt senior citizens and others who receive lifeline service. There is no cap on mobile or commercial telephone users.

In its most recent analysis, the Legislative Analyst's Office (LAO) estimates that the increase in the surcharge would generate about \$500 million annually which would probably increase in future years. The revenue would be allocated as follows: 60 percent (\$300 million) to emergency and trauma hospital services, 30.5 percent (\$153 million) to emergency and trauma physician services, 5 percent (\$25 million) to community clinics which provide urgent and primary care services, 3.75 percent (\$19 million) to emergency and trauma first responders and paramedics, and 0.75 percent (\$4 million) to the existing 911 Account. The funding for hospital, physician, and clinic services would reimburse the costs of care rendered to uninsured and underinsured patients, and the funding for first responders is targeted for training and equipment.

The Department of Health Services (DHS) indicates that Proposition 67 will help to address the emergency medical services crisis by: 1) increasing funding to overcrowded emergency departments to help them meet the growing demand for emergency care; 2) helping to fund community clinic care for the uninsured, which would provide some relief for emergency department overcrowding; 3) reimbursing emergency physicians and "on-call" specialists for uncompensated care, which will help to ensure that physicians continue to participate on "on-call" panels and provide emergency medical services; 4) providing funds to train more paramedics and equip Advanced Life Support units to ensure timely pre-hospital care to all parts of the County; and 5) helping the County-operated hospitals continue as the healthcare "safety net" by ensuring a steady funding stream for indigent and uninsured care.

Historically, the County has supported emergency medical and trauma care funding. The County sponsored Measure B in 2002, which raised property taxes for emergency and trauma care, and SB 726 (Romero), which would have provided the County with the authority to pursue a local alcohol tax for similar purposes. The County's State Legislative Agenda adopted by the Board on December 16, 2003, includes the following policy statements: 1) reaffirm the County's commitment to the trauma care system in Los Angeles County, and continue to work with the statewide coalition to seek a continuation of State funding for trauma centers, and 2) support measures to provide permanent, stable funding for the County's public and private emergency and trauma care system.

Proposition 67 is sponsored by the Coalition to Preserve Emergency Care which includes the California Medical Association, the California Primary Care Association, and the American College of Emergency Physicians. It is supported by over 230 organizations including the California Professional Firefighters, California Emergency Nurses Association, California Chapter of the American College of Emergency Physicians, American Lung Association, California State Firefighters Association, Gray Panthers, AIDS Prevention Action Network, California Psychiatric Association, Latino Health Access, Planned Parenthood Affiliates of California, Trauma Foundation, Asian Health Services, Community Clinic Association of Los Angeles County, Los Angeles County Medical Association, and the Watts Healthcare Corporation; over 50 elected officials including United States Congressperson Hilda Solis, California State Senators Gloria Romero and Gilbert Cedillo, California State Assembly Members Jackie Goldberg and Paul Koretz, and Los Angeles County Supervisors Gloria Molina and Zev Yaroslavsky; and hundreds of individual physicians.

The measure is opposed by eight taxpayer advocates including the California Taxpayers Association and the Howard Jarvis Taxpayers Association; 17 organizations or individuals representing law enforcement including the California State Sheriffs' Association, the California Chapter of the National Emergency Number Association, and Los Angeles County Sheriff Lee Baca; 23 individual physicians including Assembly Member Keith Richman; three consumer groups including Americans for Competitive Telecom, Congress of California Seniors, and Consumers First; 65 business groups including the California Chamber of Congress, California Black Chamber of Commerce, and the California Small Business Roundtable; six civic organizations including the California Democratic Party, California National Association for the Advancement of Colored People and the California Republican Party.

The Department of Health Services recommends that the County support the initiative because it would provide new funding to stabilize emergency and trauma care locally. However, because there is no existing County policy on increasing the telephone surtax to fund emergency medical services, support for this measure is a matter for Board policy determination.

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Attachments

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services



County of Los Angeles

CHIEF ADMINISTRATIVE OFFICE

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Attachment

DAVID E. JANSSEN
Chief Administrative Officer

August 31, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
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Third District

DON KNABE
Fourth District

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Fifth District

PROPOSITION 67 – 911 EMERGENCY AND TRAUMA CARE ACT INITIATIVE – INFORMATION ABOUT CELL PHONE USE

At the Board meeting of June 29, 2004, you asked my office to review information about the possible effects of the proposed tax on cell phone users under the 911 Emergency and Trauma Care Act Initiative, which is Proposition 67 on the November ballot. Specifically, we were asked to review statistics provided to members of the Board regarding the characteristics of cell phone users, and whether or not a disproportionate number of young people use cell phones; and whether or not there is a disproportionate number of African-Americans who use cell phones as their primary phone; and report back to the Board if it is found that there are other statistics contrary to those currently available.

Cell Phone Use Information

The information that we have been asked to review are two market research reports supplied by the opponents of the initiative.

One study, based on a telephone survey of Michigan residents, notes that African Americans and whites have high percentages of cell phone ownership of 77 percent and 73 percent, respectively. A higher proportion of Michigan African Americans than whites (28 percent to 9 percent) reported their cell phone as their primary phone. The study also notes that about 25 percent of respondents under the age of 25, and 21 percent of those aged 25-34 report their cell phone as their primary phone. To the extent the consumer behavior found in Michigan is the same as in California, it is reasonable to infer that some African Americans and some young people, because of their cell phone use, will be more affected by the proposed tax than their peers who rely on residential (home) phones. Relevant excerpts from this report can be found in Attachment I.

Each Supervisor
August 31, 2004
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The other study relates to cell phone use among Hispanics nationally. The study found that their cell phone bills are 10 percent higher than the national average, but that the percentage of Hispanic households with cell phones is on par with other segments of the population. Additional information is contained in Attachment II.

Thus far, my office has been unable to locate any California-specific information similar to the above. However, the impacts of the proposed tax need to be weighed against the benefits of the initiative in supporting emergency and trauma care services, particularly safety net hospitals which have higher numbers of uninsured and non-white patients. Specifically, according to a May 2004 report by the Federal Centers for Disease Control and Prevention, 51 percent of the patient mix in high burden safety net hospitals is attributable to Medicaid and uninsured patients. According to the 2001 California Health Interview Survey, the County's African Americans comprise 12.9 percent of the Medi-Cal caseload under age 65, compared to about 7.8 percent of the overall population under age 65, and persons aged 18-29 comprise 30 percent of the uninsured, despite being only 20 percent of the overall population.

If you have any questions or need additional information, please let me know, or you may contact Jonathan Freedman at (213) 974-1643.

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Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Director of Health Services